

ALGORITHMIC TRADING STRATEGIES

The Most Profitable Algorithmic Trading Strategies for
Crypto and Forex That Work in 2022



2022
Edition

Algorithmic Trading Strategies

*The Most Profitable Algorithmic
Trading Strategies for Crypto and Forex That Work in 2022*

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Introduction

The cryptocurrency market is very dynamic with high volatility. As such algorithmic trading has become an important tool in the hands of traders to efficiently control their risks and resources while benefiting from opportunities which can be exploited using algorithms. The most common goal for algorithmic trading strategies is to generate profits by implementing effective and robust trading algorithm.

The term "algorithmic trading" is also used to describe the algorithmic trading software that is based on a set of rules or instructions for transactions performed automatically, without the necessity of human interference and control. With the development of easy to use trading bot programs, algorithmic trading has become the most profitable way to trade the markets.

This is mainly due to the fact that algorithmic trading systems are designed with parameters, which makes them follow pre-programmed rules to maximize profit and minimize human error. These algorithms can utilize different variables related to market conditions and act on them instantly without human emotions interfering.

In this book, we'll go through some of the most successful algorithmic trading systems that have been used to trade crypto.

In this book we will cover:

- How to create and run your own automated trading strategy without coding or spending money
- Highly profitable scalping and day trading strategies for trading bitcoin and other cryptos
- Secret indicators on TradingView which can greatly increase your profits that no one knows about
- Risk management strategies the pros use to always stay profitable

By using these automated trading strategies, you can make trades based on market conditions rather than gut feeling or emotions. In addition, because these systems run 24/7, you need not worry about being glued to a screen all day long.

Simply setup the trades and allow them to make you money while you sleep.

Chapter 1: An Introduction To Algorithmic Trading

In the world of finance, algorithmic trading is a process of using a trading strategy based on pre-determined parameters.

Algorithmic trading, also known as "automated trading," or simply "algo trading," is a process by which securities are traded using automated computer programs that follows a pre-determined set of instructions (or algorithms) to buy or sell at certain prices and times.

While there is no one single definition of algorithmic trading, it generally refers to the use of computers to place orders based on pre-determined criteria, rather than human judgment. The goal of any trading strategy is to tell apart the bad signals from the good ones in order to make a profit. It is very hard for a human being with limited resources and time, to evaluate all market opportunities and predict future price movements accurately, while removing emotional decision making from trades. Algorithmic trading fills this gap by automating the trading process and removing emotions from the equation.

Every trading strategy has its own set of rules which are used to initiate or exit trades, and managing these trades based on price movement, technical indicators, time and other pre-determined conditions is what a trading algorithms job is. Algorithmic trading uses models to analyze huge amounts of data in order to capture trends and discover new profitable opportunities. This process starts with creating algorithms that can be used to detect any patterns or relationships among data sets, an example of this can be looking at oversold reading on a RSI indicator and combining it with a trend reversal signal to find a market bottom.

Over time, this process of pattern recognition and forecasting can be fine-tuned through back testing or applying machine learning techniques to the data set, which is used as a basis for developing trading algorithms.

Advantages of Algorithmic Trading

Some common advantages that almost all algorithmic trading strategies share include:

- No emotions - no stress - no second guessing if this is the right decision (can't blame oneself)
- -The strategies can be backtested historical data and tested on a practice account without having to risk your money.
- These strategies can be easily automated and programmed into a trading bot that will trade for you 24/7
- You can easily optimize your strategy and maximize your profit by tweaking various parameters around your rules.

Types of Algorithmic Trading Strategies

Algorithmic trading strategies can be classified into two major groups:

- Mean Reversion Strategies
- Trend Trading Strategies

Mean Reversion - Mean reversion trading is based on the assumption that asset prices will revert to their mean values over time, generating a profit from the temporary deviations in price.

A common form of mean reversion trading is buying when a indicator like the RSI is extremely oversold, and then selling when it's extremely overbought.

Mean reversion trading strategies will work the best when the market is moving sideways in a trading range, and the mean reversion strategy will be to buy near the low and sell near the high of that range.

Trend Trading - Trend trading is the process of attempting to identify and ride the waves of trends that occur in the market. The goal of trend trading is to enter an emerging trend as early as possible, staying in it until it reverses.

This can be done through a variety of different technical indicators. The most commonly used tools to trade trends are moving averages, and momentum indicators like the RSI.

Trend trading strategies will commonly use momentum indicators like the RSI, MACD or stochastics for

determining the strength of a trend and trend following indicators like moving averages to confirm a trend.

Creating a Algorithmic Trading Strategy

A profitable algorithmic trading strategy should include three main components - entry rules, exit rules, and stop loss/risk management.

Entry rules - This is the part of a strategy that determines when a position should be opened. When your algorithm detects that an asset meets all of its entry criteria, then a trade will be opened.

A good algorithmic trading strategy will use multiple entry signals from different indicators, with at least one indicator confirming the trend direction, and another providing an accurate entry signal.

Here is an example of what a good algorithmic trading strategy entry rules would look like:

Note: This strategy will be using the 5 minute timeframe

"Enter a long position if the 5 period RSI is below 30, price is above the 200 EMA and the 1 minute MACD crosses up"



Example of the entry rules (green circles) and entry (green arrow) using this strategy

In this algorithmic trading strategy a trade will be taken only if all three conditions are met.

Exit rules - The exit strategies determine what to do once a trade has been opened. Your exit strategy should be programmed to close a position when the price reaches either a profit target or stop-loss limit. Exit rules are essential for taking profits and minimizing losses, so it is important that you have them in place before trading begins!

Here's an example of what a good exit strategy would look like:

"Close all open positions if the 5 period RSI crosses below 70 after being overbought, or if price drops by more than 1%"



Example of the stop loss (yellow line), exit rules (red circle) and exit (red arrow) using this strategy

In this algorithmic trading strategy, any position that has been opened will be closed automatically once the RSI crosses below 70, or if price moves against your initial trade by -1%, this helps to prevent further losses.

Always Backtest/Papertrade Your Strategies First

Backtesting is the process of testing a strategy over historical data to see how well it would have performed if you had used it in the past. Profitable traders will always test their algorithmic trading strategies on historical price action. Another way to test your strategy is by paper trading. This is where you test your strategy in real time without using real money.

Before using any trading strategy with real money you should always backtest and papertrade your strategies to ensure they are profitable. This will also allow you to tweak and optimize your strategies to maximize your profits.

Key Takeaways:

Algorithmic trading strategies will help you make better trading decisions by considering all available data in an objective manner. When designing these algorithms for yourself, remember that they need to include common elements like entry signals, exit strategies and risk management parameters as well as indicators that can be used to automate trades based on specific rules for each strategy type (mean reversion, trend following etc).

Remember, there is no such thing as a "set it and forget it strategy" when it comes to trading cryptocurrencies. They need to be constantly monitored and adjusted according to the market conditions.

Chapter 2: Profitable Entry and Exit Signals Using Indicators

One of the most important aspects of any trading strategy is figuring out when to enter and exit the market. Algorithmic trading uses specific signals to determine when to buy or sell. When creating a algorithm it is important to use buy and sell signals in combination with other indicators to maximize the probability of a successful trade while minimizing risk.

When choosing a buy or sell signal from a indicator you should know what market conditions will work best for those signals. For example, overbought readings on the RSI will be reliable sell signals in sideways moving markets, however they will be far less reliable in strong trending markets. This is why I recommend using at least one trend confirmation indicator in your algorithm. The trend confirmation indicator will indicate whether or not the market is trending and what direction the trend is. This will help you avoid false signals in non-trending or ranging conditions.

It is important that the buy and sell signals you use produce the signal before the expected price move occurs. This is what will maximize your chance of entering at the lowest price and exiting for the largest profit. If you buy after the market has already moved up then there is no guarantee that you will be able to sell for a profit or even break even.

Another important thing to consider when choosing a buy/sell signal for your strategy is that it does not give too many false signals, this can cause your algorithm to be unprofitable. One way to solve this is by using multiple indicators together which can help reinforce signals and increase their reliability.

For example, you can use a stochastic cross over and a oversold/overbought reading on the RSI. If the cross occurs below 20 on the Stochastic and the RSI is showing oversold conditions you can be confident that there is a good chance of a strong upwards move that will happen soon. You can use these two signals together as a buy condition for your strategy.

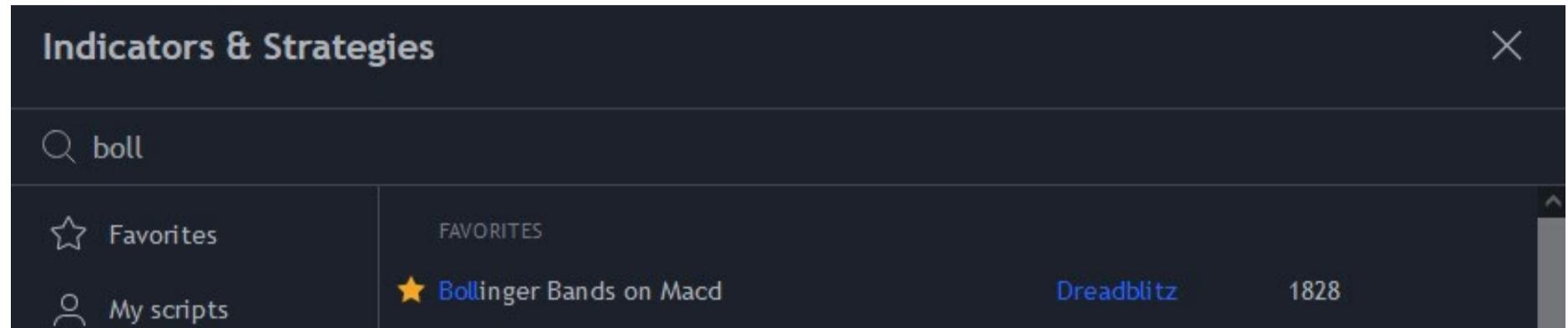
The last thing to consider when choosing your buy/sell signals are whether or not they are suited for a quick scalp/short term trade or better for longer term trend trade. For example, extreme oversold/overbought readings on the RSI can be used as short term sell signals, whereas a cross over on the MACD or moving average crossovers are reliable signals for trading trends.

In this chapter I have included a list of my favorite indicators on TradingView you can use for accurate buy and sell signals.

Indicator Signal #1: Bollinger Bands on MACD

How to find it:

This is a community made indicator on TradingView, to find it type in “Bollinger Bands on Macd”, in the indicator search box on TradingView. The author is of this script is Dreadblitz



How it works:

This indicator combines the MACD with the Bollinger bands and is very simple to use. The MACD will move above the Bollinger bands when an uptrend is occurring and below the Bollinger bands when a downtrend is in progress. You can use this as a trend confirmation indicator, as well as for entry/exit signals.

Indicator Buy Signal:

- The MACD line crosses above the top Bollinger band and the MACD line turns green.

Indicator Sell Signal:

- The MACD line crosses below the lower Bollinger band and the MACD line turns red.

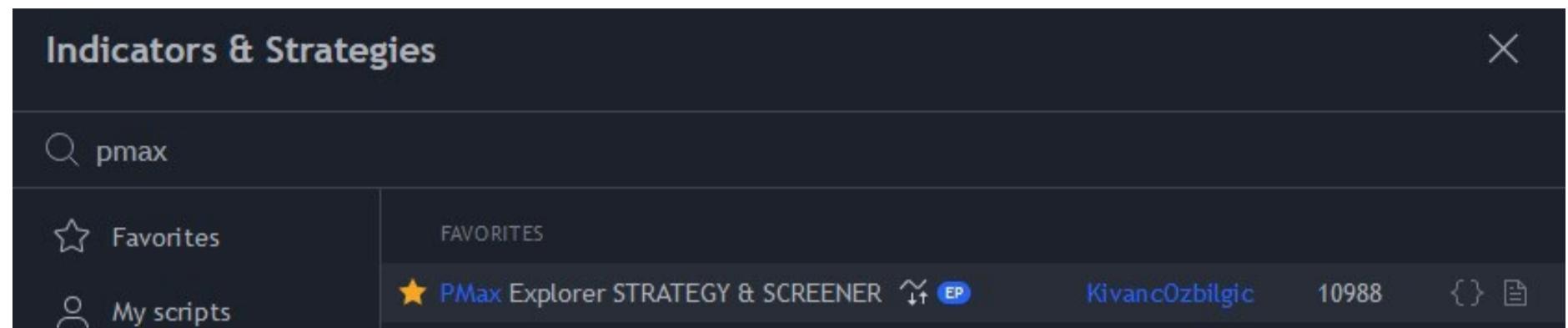


Example of buy (green arrow) and sell signals (red arrow) using this indicator

Indicator Signal #2: PMax

How to find it:

This is a community made indicator on TradingView, to find it type in “PMax Explorer STRATEGY & SCREENER”, in the indicator search box on TradingView. The author is of this script is KivancOzbilgic.



How it Works:

This indicator is a modified supertrend indicator which uses a combination of the ATR and moving averages. This indicator is designed to show trend reversals, and is a very good trend confirmation indicator.

The Pmax indicator is simple to use, and will tell you when a buy and sell signal occurs.

Indicator Buy Signal:

- The PMax turns green, and shows a buy signal

Indicator Sell Signal:

- The Pmax turns red and shows a sell signal

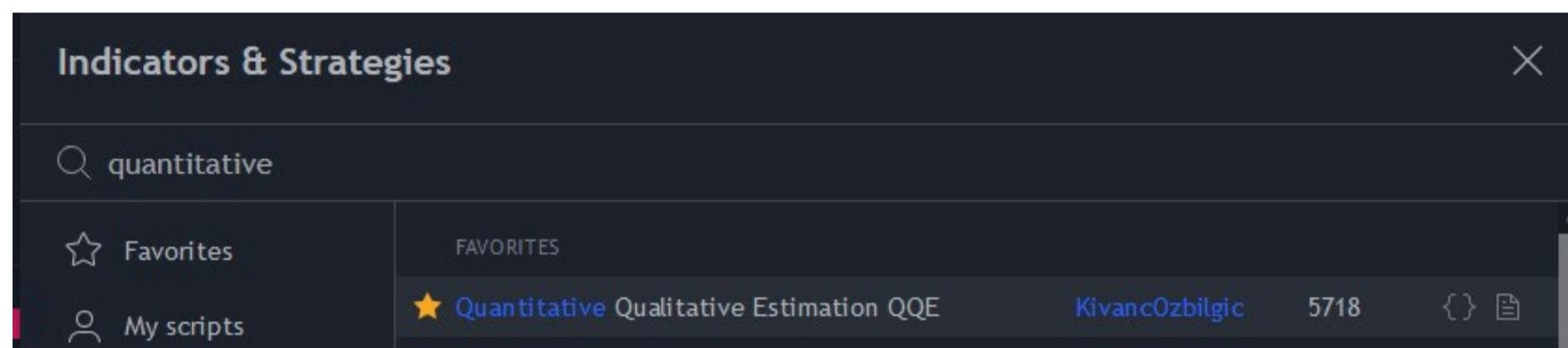


Example of buy (green arrow) and sell (red arrow) signals using this indicator

Indicator Signal #3: Quantitative Qualitative Estimation QQE

How to find it:

This is a community made indicator on TradingView, to find it type in “Quantitative Qualitative Estimation QQE”, in the indicator search box on TradingView. The author is of this script is KivancOzbilgic.



How it Works:

This indicator combines the RSI with the two ATR lines, when the ATR lines cross this provides buy and sell signals. This indicator will display buy and sell signals on it making it easy to use.

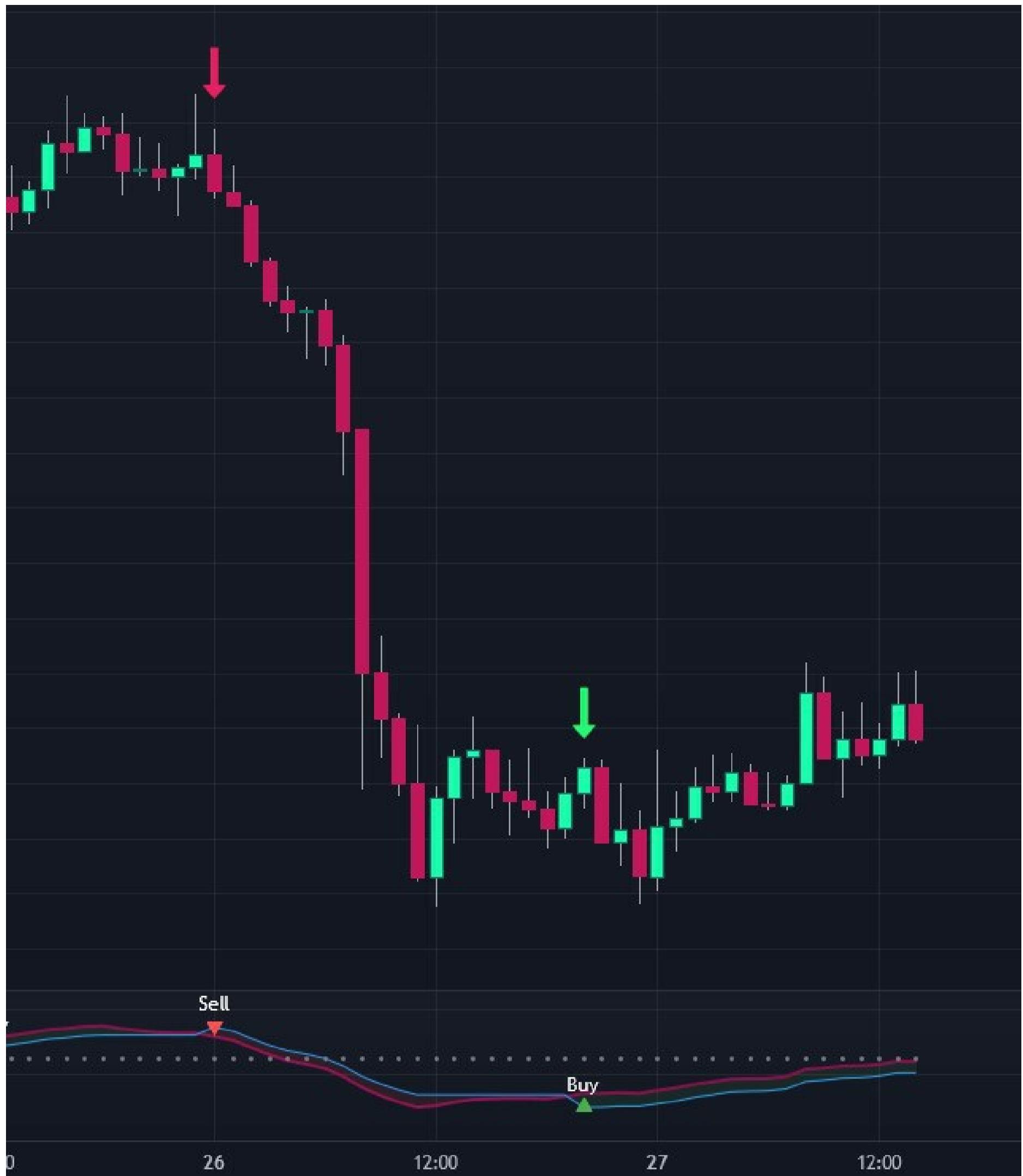
You can also use overbought and oversold levels on this indicator for signals with below 30 being oversold and above 70 being overbought

Indicator Buy Signal:

- When the fast line crosses above the slower line

Indicator Sell Signal

- When the fast line crosses below the slow line

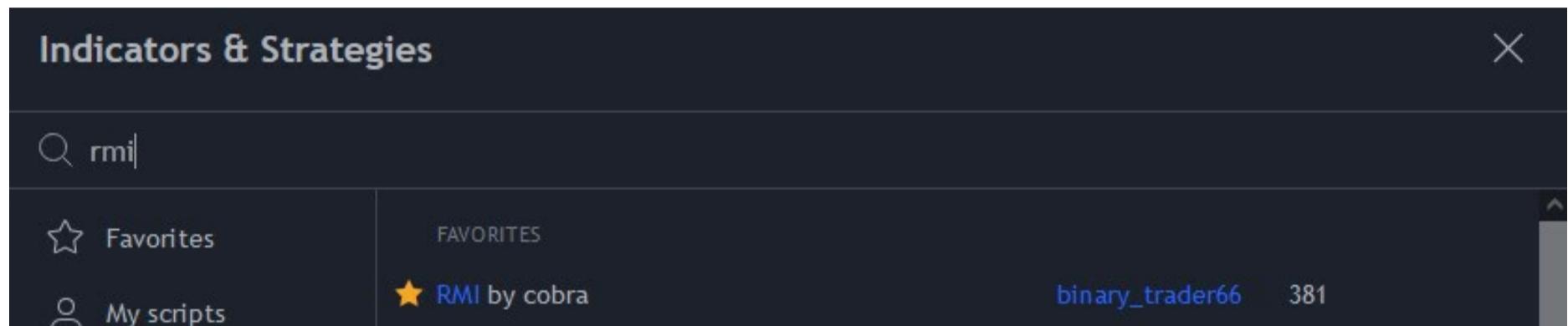


An example of buy (green arrow) and sell (red arrow) signals using this indicator

Indicator Signal #4: RMI by Cobra

How to find it:

This is a community made indicator on TradingView, to find it type in “Quantitative RMI by Cobra”, in the indicator search box on TradingView. The author is of this script is binary_trader66.



How it Works:

RMI (relative momentum index) is similar to the RSI and measures the momentum of a trend. This indicator has 2 lines, the RMI line and a slower moving average.

Indicator Buy/Long Entry Signal:

- When the fast line (RMI) crosses above the slower moving average

Or

- The RMI changes to blue color

Exit Long Signal

- When the fast line (RMI) crosses below the moving average

Or

- The RMI turns red

Indicator Short Signal:

- When the fast line (RMI) crosses below the slower moving average

Or

- The RMI changes to red color

Exit Short Signal

- When the fast line (RMI) crosses above the moving average

Or

- The RMI turns blue

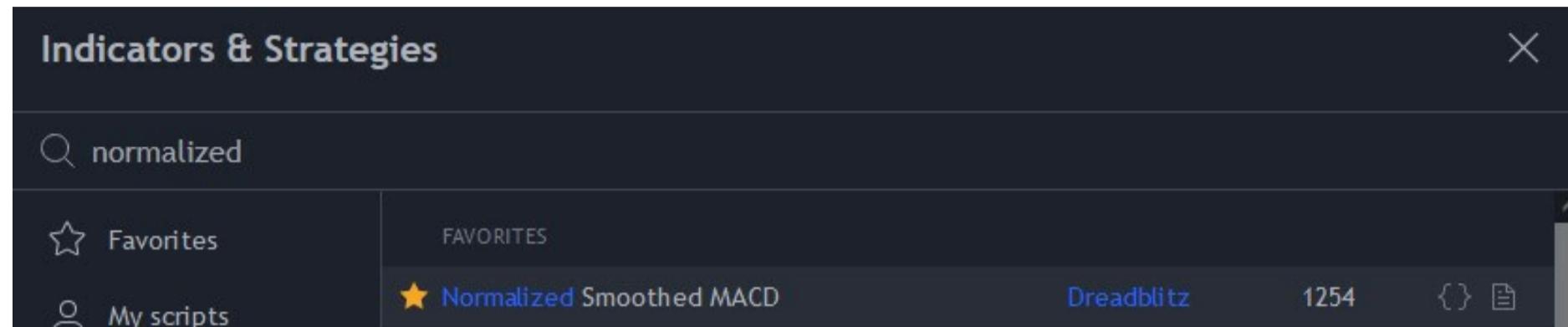


An example of buy (green arrow) and sell (red arrow) signals using this indicator

Indicator Signal #5: Normalized Smoothed MACD

How to find it:

This is a community made indicator on TradingView, to find it type in “Normalized Smoothed MACD”, in the indicator search box on TradingView. The author is of this script is Dreadblitz.



How does it work?

This indicator is an improved version of the MACD indicator, and provides more reliable entry and exit signals than a regular MACD. Two lines are displayed on this indicator, the signal line and MACD line

Indicator Buy Signal:

- The MACD line is below the zero line
- The MACD crosses above the signal line and the MACD line turns green

Indicator Sell Signal:

- The MACD line is above the zero line and turns red

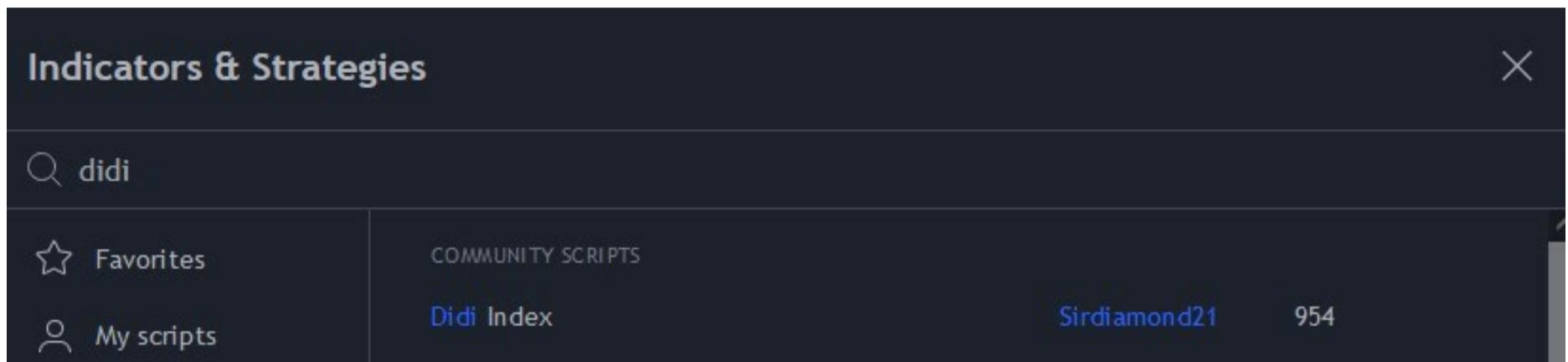


An example of buy (green arrow) and sell (red arrow) signals using this indicator

Indicator Signal #6: Didi Index

How to find it:

This is a community made indicator on TradingView, to find it type in “Didi index”, in the indicator search box on TradingView. The author is of this script is Sirdiamond21.



How it Works:

This indicator has two lines, one green and one red line. The green line will move upwards when the market is trending up, and likewise the red line will be moving up when the market is in a downtrend. This indicator can be used as a trend confirmation indicator or you can use entry and exit signals from it as well. Signals on this indicator can occur when the two lines cross or when one line crosses above the zero line.

Buy Signals:

- The green line crosses above the zero line
- The green line crosses above the red line

Sell Signals:

- The red line crosses above the zero line
- The red line crosses above the green line

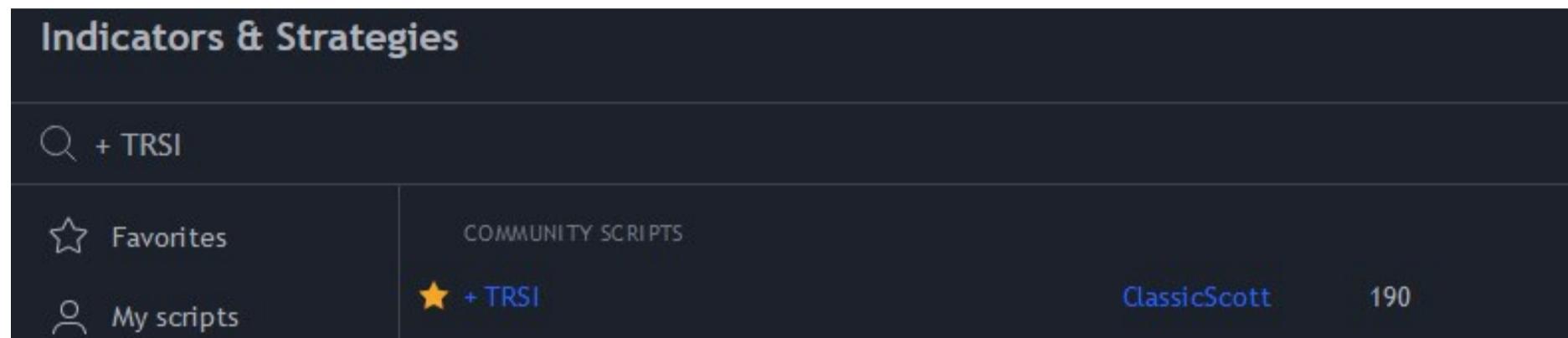


Example of buy (green circle) and sell (red circle) signals using the crossover strategy of this indicator

Indicator Signal #7: +TRSI

How to find it:

This is a community made indicator on TradingView, to find it type in “+TRSI”, in the indicator search box on TradingView. The author is of this script is ClassicScott.



How does it work?

This is a RSI that you can combine with a variety of different moving averages and make a highly customized version of the RSI.

The great thing about this indicator is that it shows buy and sell signals on the RSI. A green circle will appear for buy signals, and a red circle for sell signals.

You can play around with this indicator and optimize it for the best results.

Indicator Buy Signal

- The RSI crosses above the MA (a green dot will appear)

Indicator Sell Signal

- The RSI crosses below the MA (a red dot will appear)



An example of buy (green arrow) and sell (red arrow) signals using this indicator

Indicator Signal #8: Aroon

How to find it:

This is a built in indicator on TradingView, type in “aroon” in the indicator search box.

How does it work?

The aroon indicator is a technical analysis tool used to help traders spot and predict potential market reversals. The aroon indicator is made up of two lines, the aroon up (AU) and the aroon down (AD), which measure the number of periods since a new high or low was reached.

The higher the AU and AD values, the more likely it is that a reversal will occur. The two lines will oscillate between 0-100.

Buy Signal:

- The aroon up crosses above the aroon down

Sell Signal:

- The aroon down crosses above the aroon up

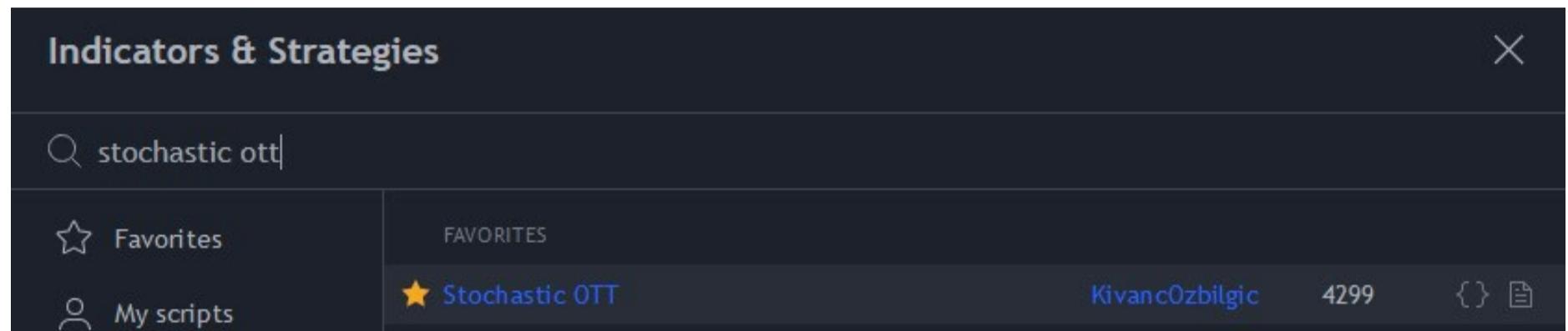


An example of buy (green arrow) and sell (red arrow) signals using this indicator

Indicator Signal #9: Stochastic OTT

How to find it:

This is a community made indicator on TradingView, to find it type in “Stochastic OTT”, in the indicator search box on TradingView. The author is of this script is KivancOzbilgic.



How does it work?

This indicator is similar to the stochastic oscillator, but it combines the stochastic oscillator with the optimized trend tracker indicator. This reduces the false signals given by the stochastic oscillator that can be caused by volatile moves.

Note:

I recommend changing the default settings, you can try using these setting for this indicator:

%K Length = 100

%K Smoothing = 10

OTT period = 2

OTT percent = 0.5

Indicator Buy Signal:

- When the fast line crosses above the slow line

Indicator Sell Signal

- When the fast line crosses below the slow line

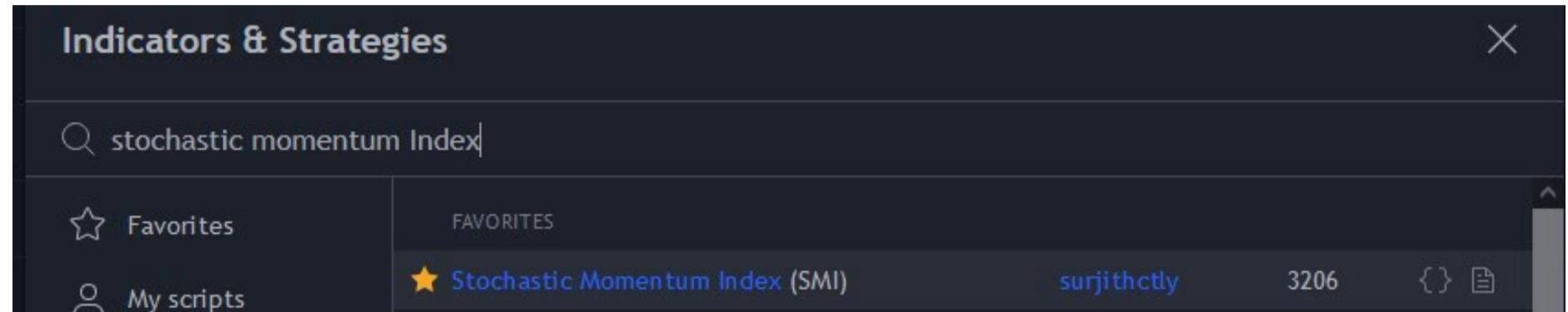


An example of buy (green arrow) and sell (red arrow) signals using this indicator

Indicator Signal #10: Stochastic Momentum Index (SMI)

How to find it:

This is a community made indicator on TradingView, to find it type in “Stochastic Momentum Index (SMI)”, in the indicator search box on TradingView. The author is of this script is surjithctly.



How does it work?

This indicator is similar to a regular stochastic, and consists of two lines that crossover to produce buy and sell signals. The SMI is more smoothed out and provides more accurate entry and exit signals than a regular stochastic.

Indicator Buy Signal:

- The SMI is oversold and turns green
- The SMI crosses up

Indicator Sell Signal:

- The SMI is overbought and turns red
- The SMI crosses down

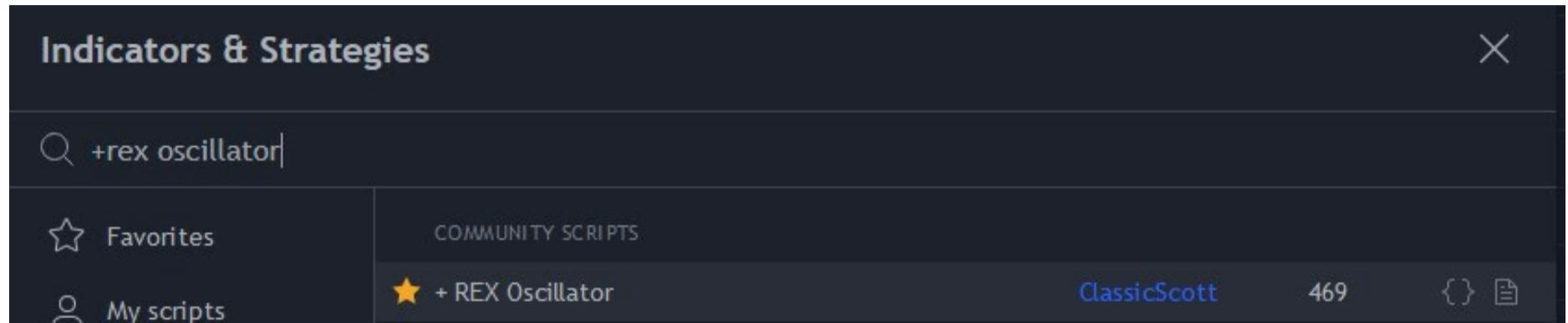


An example of buy (green arrow) and sell (red arrow) signals using this indicator

Indicator Signal #11: + REX Oscillator

How to find it:

This is a community made indicator on TradingView, to find it type in “+REX Oscillator”, in the indicator search box on TradingView. The author is of this script is ClassicScott.



How does it work?

This indicator measures the “true bar value” (TBV) and is displayed as a signal line and the histogram (REX). This indicator can show divergences and can also be used for finding overbought/oversold signals.

Indicator Buy Signal:

- The signal line crosses above the zero line
- Or
- The signal line crosses up into the REX while oversold

Indicator Sell Signal

- The signal line crosses below the zero line
- Or
- The signal line crosses down into the REX while overbought

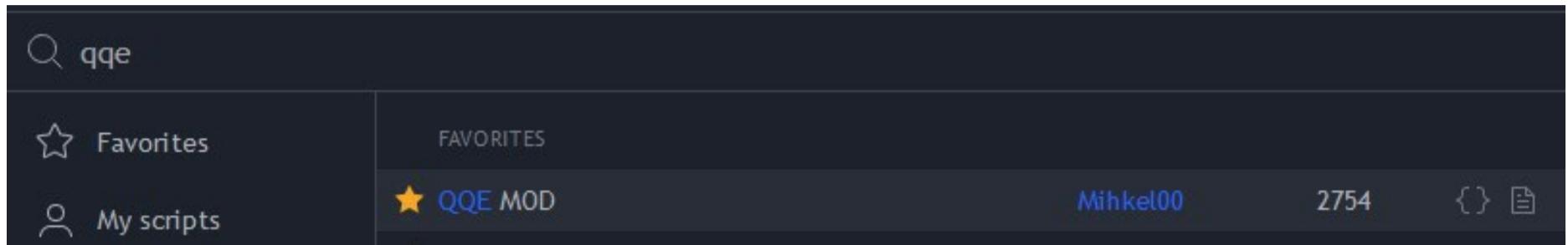


An example of buy (green arrow) and sell (red arrow) signals using this indicator

Indicator Signal #12: QQE Mod

How to find it:

This is a community made indicator on TradingView, to find it type in “QQE Mod”, in the indicator search box on TradingView. The author is of this script is Mihkel00.



How does it work?

This indicator is similar to the QQE indicator and is based on combining the RSI with the ATR indicator. This indicator will be displayed as a histogram and the QQE mod line

Indicator Buy/Long Signal

- The histogram bar turns blue

Or

- The histogram bar turns grey after being red (more risky)

Exit Long Signal

- Exit long when the histogram bar is lower than the QQE mod line

Or

- A histogram bar turns grey after being blue

Indicator Sell/Short Signal

- The histogram bar turns red

Or

- The histogram bar turn grey after being blue (more risky)

Exit Short Signal

- Exit short when the red histogram bar is above the QQE mod line

Or

- A histogram bar turns grey after being red



An example of buy (green arrow) and sell (red arrow) signals using this indicator

Indicator Signal #13: Bollinger Bands

What is it/How to find it?

The Bollinger bands is a built in indicator on TradingView, to find it simply type in “Bollinger bands” in the indicator search box on TradingView.

How it works:

The Bollinger bands is an indicator that consists of three lines, the upper band, the basis line (middle line) and lower band. The basis line is just a simple moving average, and the two bands represent standard deviations from the moving average.

The default settings for the Bollinger bands are 20 length for the basis and 2 standard deviations for the bands, I will use different settings for the Bollinger bands in this strategy.

Important: Change the **length to 40**, and the **Stdev to 0.8** for this strategy.

Buy Signal:

- A candle closes above the top Bollinger band

Sell Signal:

- A candle closes below lower Bollinger band

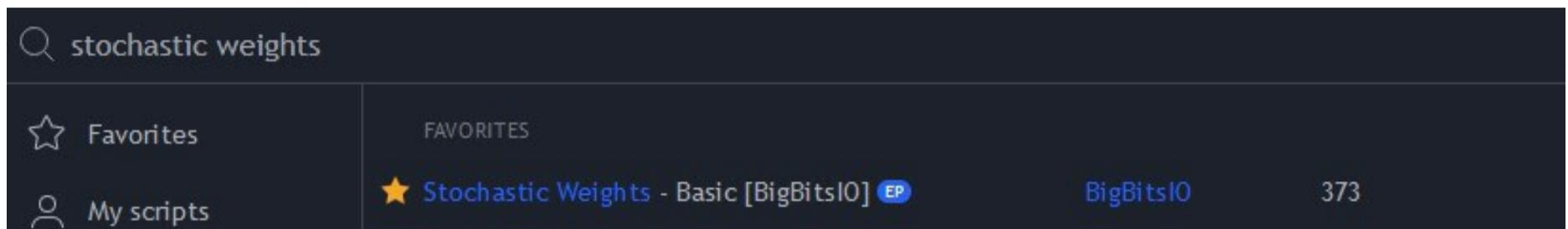


An example of buy (green arrow) and sell (red arrow) signals using this indicator

Indicator Signal #14: Stochastic Weights - Basic

How to find it:

This is a community made indicator on TradingView, to find it type in “Stochastic Weights - Basic”, in the indicator search box on TradingView. The author is of this script is BigBitsIO.



How it works:

This indicator is similar to a normal stochastics with a %K and %D line. When the stochastic moves above 80 it is considered overbought and below 20 is oversold. This indicator can give more accurate signals than a regular stochastic since it includes other values in its calculations.

Note: I recommend enabling all of the stochastics in the settings

Buy Signal:

- The %K line crosses above the %D line while under 50

Or

- The stochastic above 20 after being oversold

Sell Signal:

- The %K line crosses below the %D line while above 50

Or

- The stochastic crosses below 20 after being overbought



An example of buy (green arrow) and sell (red arrow) signals using this indicator

Chapter 3: Algorithmic Scalping Strategies

The strategies in this chapter are designed for day trading and scalping. The difference between the two being that in day trading, a trader will typically hold a security for a longer period of time than with scalping, perhaps a couple hours, and maybe only do 2-3 trades per day. For scalping, the holding period is typically in minutes.

These strategies are mostly momentum based, which means that momentum oscillators (RSI, MACD, stochastics etc.) are primarily used for entry and exit signals. Momentum is very useful in trading, it is great for predicting trend reversals and high volatility price swings in the market. When performing scalping and day trading strategies, it is important to have a solid risk management strategy, this means always using a stop loss to limit your risk on each trade.

Profitable algorithmic scalping strategies will typically seek out small but consistent gains for a trader by opening and closing positions within minutes. There can be many opportunities for short-term price changes, and a good algorithmic scalping strategy will aim to take advantage of them.

There are always opportunities for short-term price movements, and a good algorithmic trading strategy will look to take advantage of these price changes.

Profitable Algorithmic Scalping and Day Trading Strategies Should Include:

- The ability to find good entry and exit prices
- Small, but consistent gains on each trade
- No significant drawdown
- Able to work in a variety of volatile markets

Some of the factors that may influence a trader's decision to choose trading strategies include:

- The amount of time they have to trade each day
- The conditions of the market, is the market in a trading range or strong trend?
- How easy is the strategy to use? Do you understand how the indicators work? -What are the historical returns/drawdowns?

Volatile vs Quiet Markets

Algorithmic trading strategies can be used in both volatile and quiet markets. Quieter periods for cryptocurrency typically happen during weekends when there is less market activity or in flat trends where there is little volatility.

When studying different algorithmic trading strategies, an important thing to remember is that each strategy works better in specific conditions; therefore, it's important to choose a strategy that will work well with the type of market that you're currently trading.

Using Risk to Reward Ratios

A risk to reward ratio in trading is simply how much you will lose if the trade goes against you compared to how much you will gain. The risk is typically determined by using a stop loss at a certain percentage, and the reward is a set take profit percentage. An example of how this works is if someone is using a risk to reward ratio of 2:1, this means the maximum loss is 1% (using a stop loss) and the maximum profit is 2% (using a take profit limit order).



This is a good strategy to use in scalping because your wins will always be higher than your loses, and you will make money even if a strategies win rate is less than 50%. When using a risk to reward ratio you will not rely on exit signals from a specific indicator, instead use a limit order to always exit at a certain percentage.

This is a concept that you can apply to the strategies in this chapter.

Scalping Strategy #1: RSI + VWMA

Required Indicators:

- 200 period SMA
- 9 period RSI
- Add 20 period VWMA (volume weighted moving average) on the RSI
- 12 SMA

Buy Conditions:

- Candles are closing above the 200 SMA
- The RSI crosses above the VWMA
- Buy when a candle closes above the 12 SMA

Sell Conditions:

- A candle closes below the 12 SMA
- OR
- The RSI crosses below the 20 VWMA



Example of a buy (green arrow) and sell (red arrow) using this strategy

Scalping Strategy #2: DMI Stoch + MACD Strategy

Required Indicators

- DMI Stochastic (indicator by Tracks)
- Normalized Smoothed MACD (indicator by Dreadblitz)

Note: Reverse these rules to use this strategy for shorting

Buy Conditions:

- The MACD line turns green
- Enter when a green arrow appears below the candle
- Place stop loss under the low of the entry candle

Sell Conditions:

- The MACD line turns red

Note: You can reverse these rules to use this strategy for shorting



Example of a buy (green arrow) and sell (red arrow) using this strategy

Scalping Strategy #3: Bollinger Band MACD + TM

Required Indicators:

- Bollinger Bands on MACD ([indicator by Dreadblitz](#))
- Trend Magic (indicator by KivancOzbilgic)

Note: Reverse these rules to use this strategy for shorting

Buy Conditions:

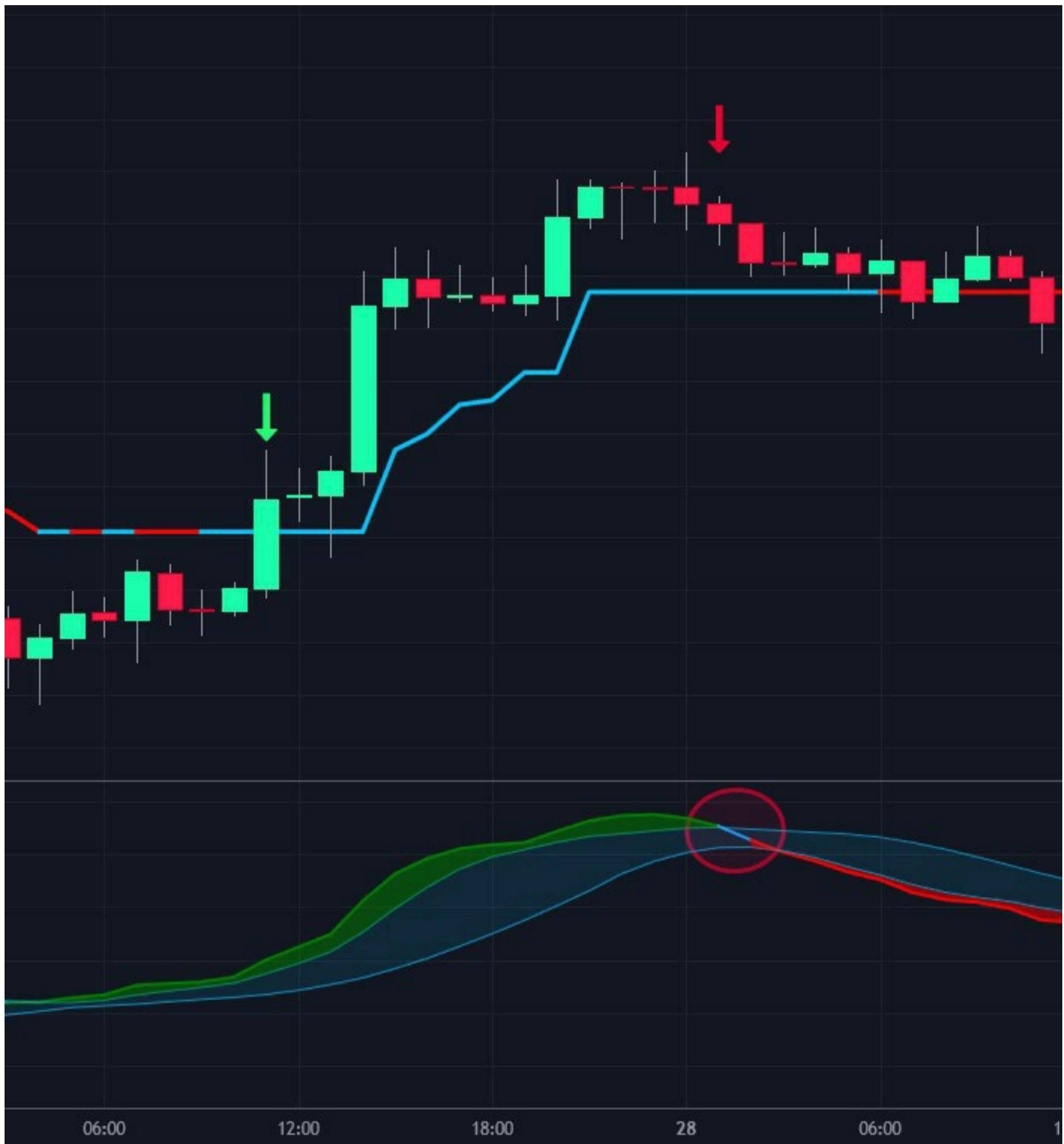
- The BB+MACD indicator is green
- Buy when the TM indicator is blue and a candle closes above it
- Place stop loss under the low of the entry candle

Sell Conditions:

- The BB+MACD indicator turns blue

Or

- A candle closes below the TM indicator



Example of a entry (green arrow) and exit (red arrow) using this strategy

Scalping Strategy #4: DiDi Indicator + QQE

Required Indicators:

- 12 SMA
- Quantitative Qualitative Estimation QQE
(indicator by KivancOzbilgic)
- Didi Index Improved with QQE | jh
(indicator by jiehonglim)

Buy Conditions:

- Candles are closing above the 12 SMA
- The DiDi histogram (dots) are green
- Buy when the QQE crosses up and shows a buy signal

Sell Conditions:

- A candle closes below the 12 SMA
- OR
- The QQE crosses down and shows a sell signal



Example of a buy (green arrow) and sell (red arrow) using this strategy

Scalping Strategy #5: Hull Moving Average Scalping Strategy

Required Indicators:

- 30 period Hull moving average (HMA)
- Stochastic with settings:
%K Length = 14, %K Smoothing = 6, %D Smoothing= 3

Buy Conditions:

- The stochastics are crossed up and below 50
- Enter when a candle closes above the HMA

Sell Conditions:

- A candle closes below the HMA



Example of a buy (green arrow) and sell (red arrow) using this strategy

Scalping Strategy #6: RSI + BB Strategy (version 1)

Required Indicators:

- 4 Period RSI
- Bollinger Bands with settings:
Length = 40, stdev = 2

Buy Conditions:

- A candle is below or touching the bottom Bollinger band
- The RSI is oversold (below 30)
- Enter trade when the RSI crosses above 30
- Place stop loss under the entry candle



Example of a buy (green arrow) and sell (red arrow) using this strategy

Sell Conditions:

- A candle touches the top Bollinger band

OR

- The RSI crosses above 80

Scalping Strategy #7: RSI + BB Strategy (version 2)

Required Indicators:

- 7 period RSI
- 200 period SMA (simple moving average)
- Bollinger Bands with settings:

Length = 20, stdev = 2

Buy Conditions:

- Candles are closing above the 200 SMA
- A candle is below or touching the bottom Bollinger band
- Buy when the RSI crosses above 30 after being oversold

Sell Conditions:

- A candle is above or touching the top Bollinger band
- OR
- The RSI crosses above 70 (oversold)

Scalping Strategy #8: Bollinger Bands + CCI Strategy

Required Indicators:

- 20 period CCI (commodity channel index)
- Bollinger bands with settings:
Length = 50, Stdev = 2

Buy Conditions:

- The Bollinger bands are flat and not pointing in any direction
- Price is touching or closing below the bottom band
- The CCI crosses below -200
- Buy when the CCI crosses above -200
- Place stop loss under the entry candle



Example of buy (green arrow) and sell (red arrow) using this strategy

Exit Conditions:

- Price is touching or closes above the top band
- OR
- The CCI crosses below 100 after being oversold

Scalping Strategy #9: VWAP Bands + Stochastic RSI

Required Indicators:

- VWAP with band multiplier set to 1.5
- 500 SMA
- Stochastic RSI

Entry Conditions:

- Price is above the 500 sma
- Candles are touching or below the lower VWAP band
- Buy when the stochastic RSI is starting to cross above 30 after being oversold
- Place a stop loss under the low of the entry candle



An example of a buy (green arrow) and sell (red arrow) using this strategy

Exit Conditions:

- The stochastic RSI crosses down below 70 from being overbought

Or

- Price touches the top VWAP band

Scalping Strategy #10: MA Crossover + RSI

Required Indicators:

- 15 SMA
- 45 SMA
- 5 period RSI

Buy Conditions:

- The 15 SMA crosses above the 45 SMA
- Wait for the RSI to go oversold (below 30), enter when the RSI crosses back above 30
- Place stop loss under the last swing low



Example of a buy signal using this strategy

Sell Conditions:

- The RSI crosses below 70 after being overbought (recommended for scalping)
- OR
- The 15 SMA crosses below the 45 SMA (recommended for swing trading)



Example of a exit signal (red arrow) using this strategy

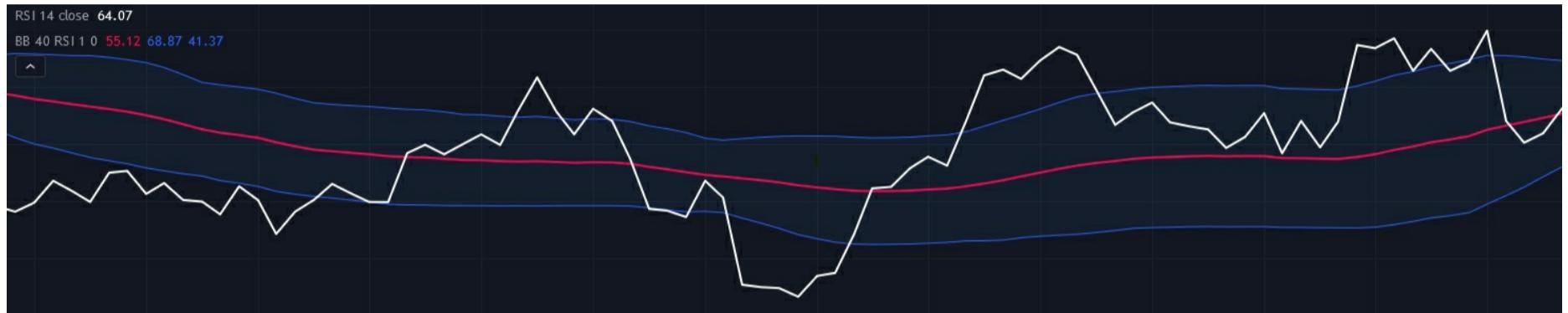
Scalping Strategy #11: HMA + RSI Bollinger Bands

Required Indicators

- 25 HMA (Hull moving average)
- RSI, Length = 14
- Bollinger bands added on the RSI

Bollinger bands settings: Length = 40, StDev = 1

The RSI should look like the example below



Buy Conditions

- The RSI crosses above the lower Bollinger band
- Candles are closing above the 25 HMA



Example of a buy signal (green circle) and sell signal (red circle) using this strategy

Exit Conditions:

- A candle closes below the 25 HMA
- Or
- The RSI crosses below the upper band from above

Scalping Strategy #12: Easy SMA Scalping Strategy

Required Indicators:

- 9 SMA (simple moving average)
- 18 SMA

Buy Conditions:

- The 9 SMA is above the 18 SMA
- Enter when a candle crosses above and closes above the 18 SMA
- Place stop loss under the low of the entry candle



An example of a buy entry (green arrow) and exit (red arrow) using this strategy

Sell Conditions:

- A candle closes below the 9 SMA

Chapter 4: Algorithmic Trend Trading Strategies

These types of strategies attempt to identify and exploit market trends by using a variety of different technical indicators. In this chapter we'll take a look at some of the best algorithmic trend trading strategies and how they work. A good algorithmic trend trading strategy will get you early into a trend and then ride out the trend as long as possible to maximize profits. In order to achieve this you will need to use accurate trend confirmation indicators (like moving averages), along with highly accurate entry and exit signals.

Your trend confirmation indicator should tell you whether the market is in an uptrend, downtrend or sideways range. If the market is in a sideways range then you should avoid trading. The next step is to use trend direction indicators to determine where the market may be going. If the market is in an uptrend then go long. If it is in a downtrend, then go short.

A good algorithmic trend trading strategy will use momentum indicators. Momentum indicators are important for trend trading because they measure the strength of a trend using momentum. When a trend is gaining momentum, this indicates the trend is likely to continue, and if a loss of momentum occurs then the trend is weakening, which could mean a trend reversal is imminent. There are many different types of momentum indicators that can be used for trend trading. Some examples include MACD, RSI, stochastics and the Directional Movement Index.

Trend Strategy #1: VWMA Crossover Strategy

Required Indicators

- 8 period VWMA (volume weighted moving average)
- 30 period VWMA
- SOTT (indicator by KivancOzbilgic)

With settings: %K Length = 100, %K Smooth = 10, OTT Period = 2, OTT Percent = 0.5

Buy Conditions:

- The SOTT crosses up under 50 and produces a buy signal
- Candles are closing above the 30 VWMA
- The 8 VWMA crosses above the 30 VWMA
- Place stop loss under the last swing low

Exit/Sell Conditions:

- A candle closes below the 30 VWMA
- Or
- The SOTT crosses down and produces a sell signal



An example of a entry (green arrow) and exit (red arrow) using this strategy

Trend Strategy #2: Pmax + NSM Indicator Strategy

Required Indicators

- Normalized Smoothed MACD (indicator by Dreadblitz)
- PMax Explorer STRATEGY & SCREENER (indicator by KivancOzbilgic)

PMax settings for 5 minute and higher timeframes: ATR length = 8

ATR multiplier = 3.6

MA type = VAR

MA length = 10

Buy Conditions:

- The Pmax indicator is green and shows a buy signal
- Candles are closing above the bottom Pmax line
- The NSM is below -0.70 and the MACD line crosses above the signal line

Sell Conditions:

- The Pmax indicator shows a sell signal
- OR
- A candle closes below the bottom Pmax line



Example of a buy (green arrow) and sell (red arrow) using this strategy

Trend Strategy #3: Aroon Trend Trading Strategy

Required Indicators:

- Aroon indicator
- 14 period RSI
- 10 SMA (simple moving average)

Buy Conditions:

- The RSI crosses above 50
- Price is above the 10 SMA
- Buy when the aroon up line crosses above the aroon down line

Sell Conditions:

- Price closes below the 10 SMA

Or

- The aroon up crosses below 80



Example of a entry (green arrow) and exit (red arrow) using this strategy

Trend Strategy #4: Quantitative Qualitative Estimation Indicator Strategy

Required Indicators:

- Quantitative Qualitative Estimation QQE (indicator by KivancOzbilgic)
- Bollinger Bands with settings:
StdDev = 1, Length = 40

Note: Reverse these rules to use this strategy for shorting

Buy Conditions:

- A buy signal appears on the QQE with the fast line crossing above the slow
- Buy when a candle closes above the top Bollinger band

Sell Conditions:

- A candle closes below the upper Bollinger band

Or

- A sell signal appears on the QQE (better for scalping but more false signals)121



An example of a entry (green arrow) and exit (red arrow) using this strategy

Trend Strategy #5: SMMA Crossover Strategy

Required Indicators:

- 9 SMMA (smoothed moving average)
- 4 SMMA
- 15 SMA

Buy Conditions

- The 4 SMMA crosses above the 9 SMMA
- Enter when a candle touches the 4 SMMA and closes above it
- Place stop loss under the low of the entry candle



Example of a buy signal using this strategy

Sell Conditions:

- The 4 SMMA crosses below the 9 SMMA

OR

- A candle closes below the 15 SMA



Example of a sell signal using this strategy

Trend Strategy #6: RSI + PMax indicator Strategy

Required Indicators:

- 5 period RSI
- PMax Explorer STRATEGY & SCREENER (indicator by KivancOzbilgic)

PMax settings for 5 minute and higher timeframes: ATR length = 8

ATR multiplier = 3.6

MA type = VAR

MA length = 10

Buy Conditions

- The RSI is below 30 (oversold)
- The Pmax indicator is green and is showing a buy signal
- Candles are closing above the bottom Pmax line
- Buy when the RSI crosses above 30

Sell Conditions

- The PMAX shows a sell signal
- OR
- A candle closes below the bottom Pmax line



Example of buy (green arrow) and sell (red arrow) entries using this strategy

Chapter 5: How to Make Your Own Trading Bot on TradingView (No coding)

Most trading bots are created using coding, however there is one way you can make your own bot using signals from TradingView, without coding.

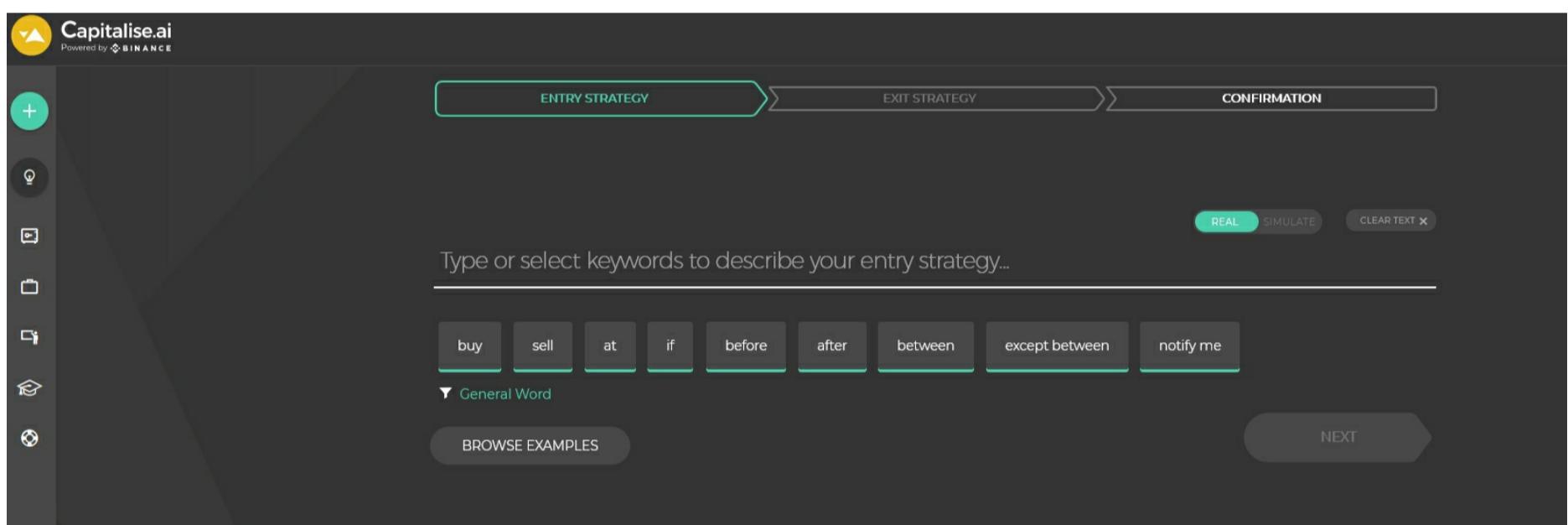
To use this method you will need:

- TradingView account
- Trading account on Binance or FTX exchange
- Create an account on <https://capitalise.ai/>

How to use Capitalise.ai

Capitalise.ai is a free platform you can use to make a cryptocurrency trading bot. It will execute your trades and also allows you to simulate your strategy as well as backtesting it (currently only on FTX version).

Using capitalise.ai is very simple; you just type your trading strategy in the strategy box. You first type in your buy conditions, then exit conditions.



You can use the built in indicators on capitalise.ai to make a strategy, or you can use indicators or strategies from TradingView. To do this you copy **webhooks** on TradingView into capitalise.ai to generate buy and sell signals.

TradingView webhooks are simply TradingView alerts that get sent to capitalise.ai for entry and exit signals.

How to use TradingView Webhooks on Capitalise.ai

Step 1: Choose Your Entry and Exit Signals

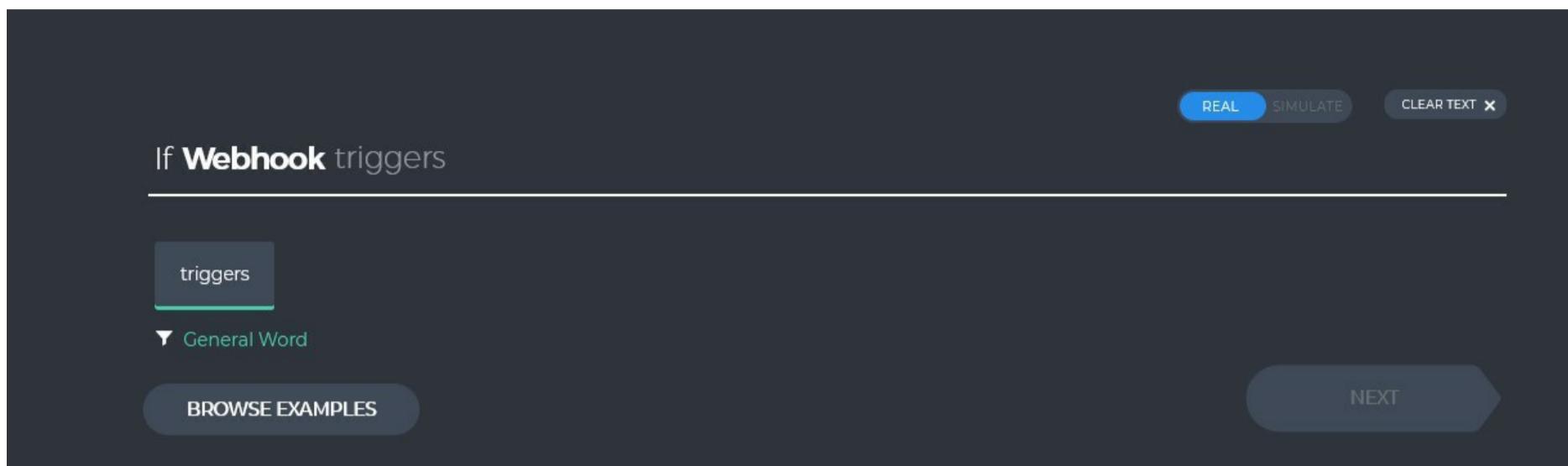
First select a strategy or indicator you want to use on TradingView for buy and sell signals. This can be any indicator such as moving average crossovers or RSI signals.

Add the indicator/strategy on your TradingView chart. I will use a MACD on TradingView as an example.

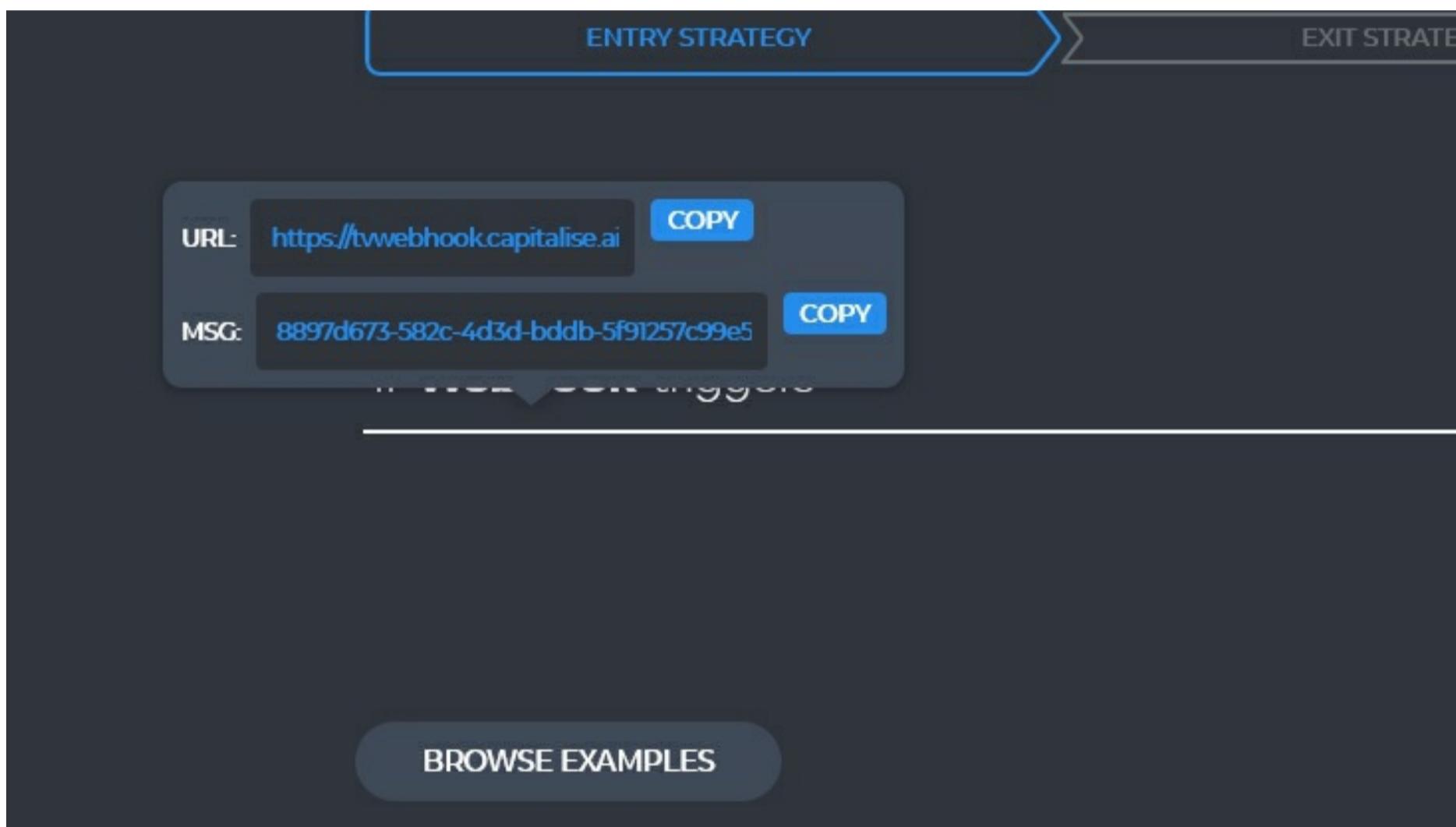


Step 2: Create a webhook link on Capitalise.ai

Once you have selected a indicator or strategy, create a new strategy on capitalise.ai, in the strategy box type in “if webhook triggers”.



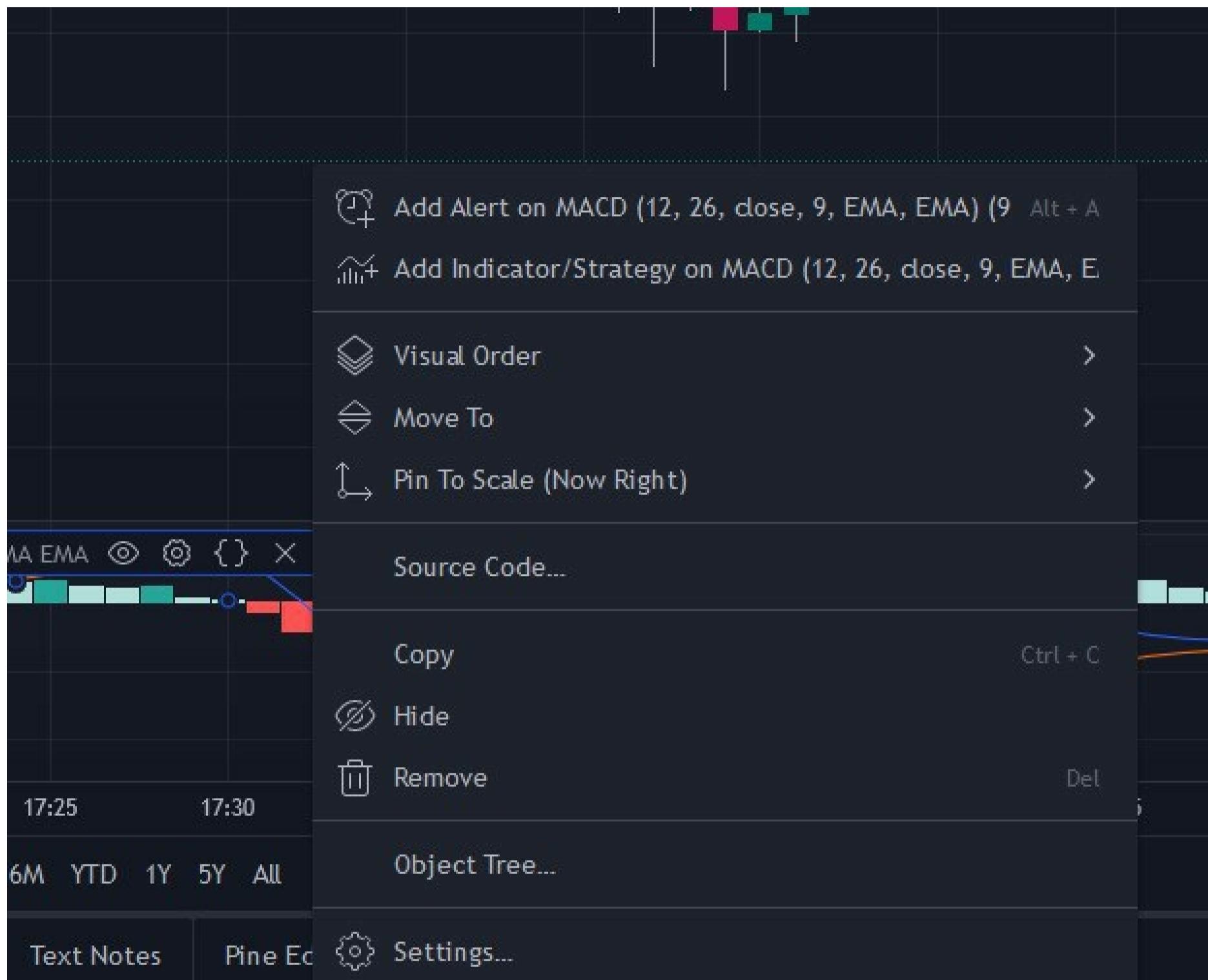
After typing in the full command, click on the word “webhook”, you should see a small box pop up with two lines.



The first line “URL” and the second “MSG”.

Step 3: Create an Alert on TradingView

Now go back to your TradingView chart, and add an alert on the indicator you want to use.



The alert box will pop up, in the alert you can adjust your alert settings. I have changed my alert to trigger when MACD line crosses above the signal line, this will be my buy signal. I also changed it to trigger **once per bar close**. I have also named my alert “MACD – Buy”, just so I know what the alert is for later.

Make sure the webhook URL box is checkmarked.

Create Alert on BTCUSDT, 1m X

Condition

MACD (12, 26,...)	MACD
Crossing Up	
MACD (12, 26,...)	Signal

Options

Only Once	Once Per Bar
Once Per Bar Close	Once Per Minute

Expiration time 2021-12-27 12:28

Open-ended

Alert actions

Notify on app

Show pop-up

Send email

Webhook URL

`https://tvwebhook.capitalise.ai`

▼ More actions

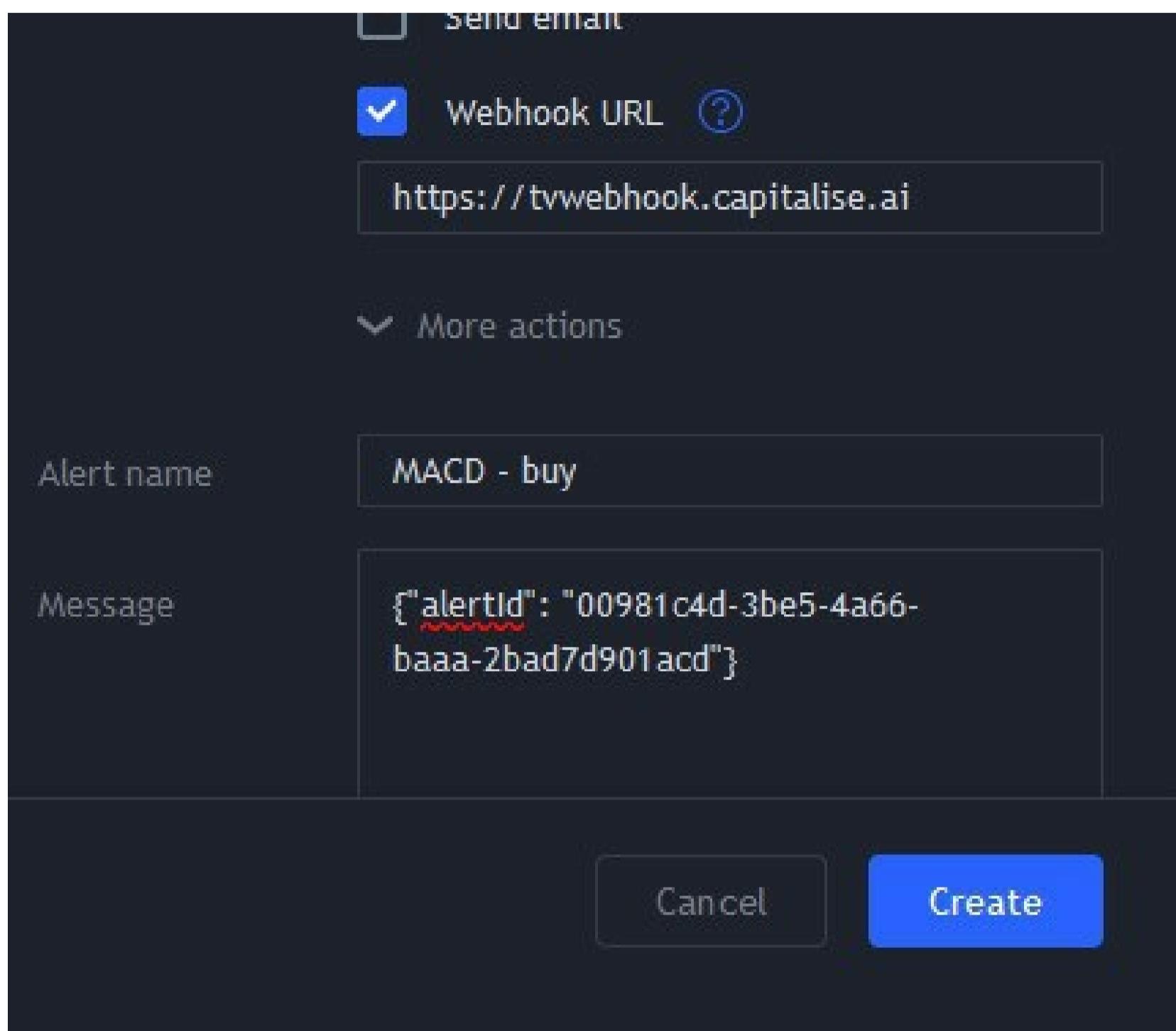
Alert name MACD - buy

Message `{"alertId": "00981c4d-3be5-4a66-baaa-2bad7d901acd"}`

Cancel Create

Step 4: Copy the Webhook Links into your Alert

Copy the URL link from capitalise.ai and paste it into the Webhook URL box on the TradingView alert and also copy the MSG from capitalise.ai and paste it in the alert message box on TradingView.



Step 5: Complete the Entry/Exit Conditions on Capitalise.ai

Then click create. Once the alert is active we can go back to capitalise.ai and finish typing in our buy conditions.



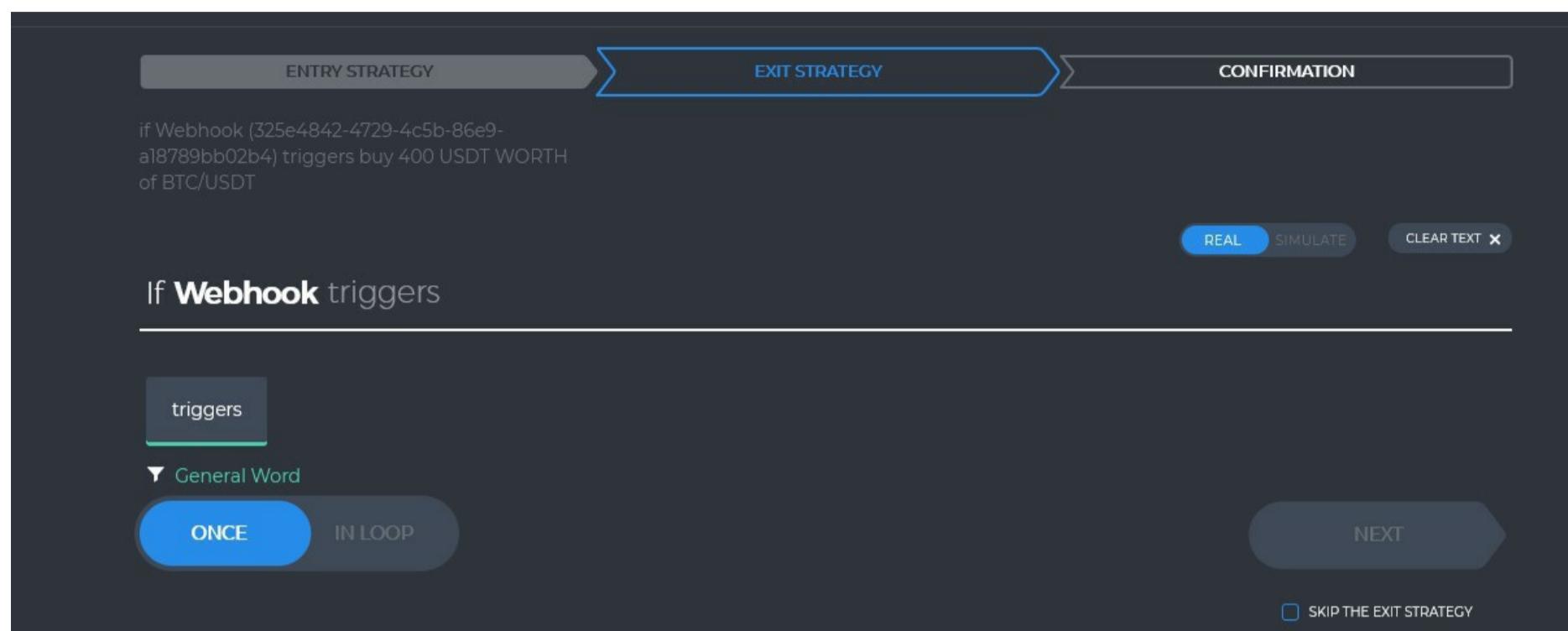
For my buy conditions I have typed in “If webhook triggers buy 400 usdt of btc”.

This means my trading bot will buy \$400 of bitcoin if the MACD crosses up. You can add more conditions on top of your webhook if you want, but for this example I will keep it simple.

Exit Conditions

The same process can be used for your exit conditions.

- Create your exit alert on TradingView
- Type in “If webhook triggers”, in the Capitalise.ai exit conditions box.



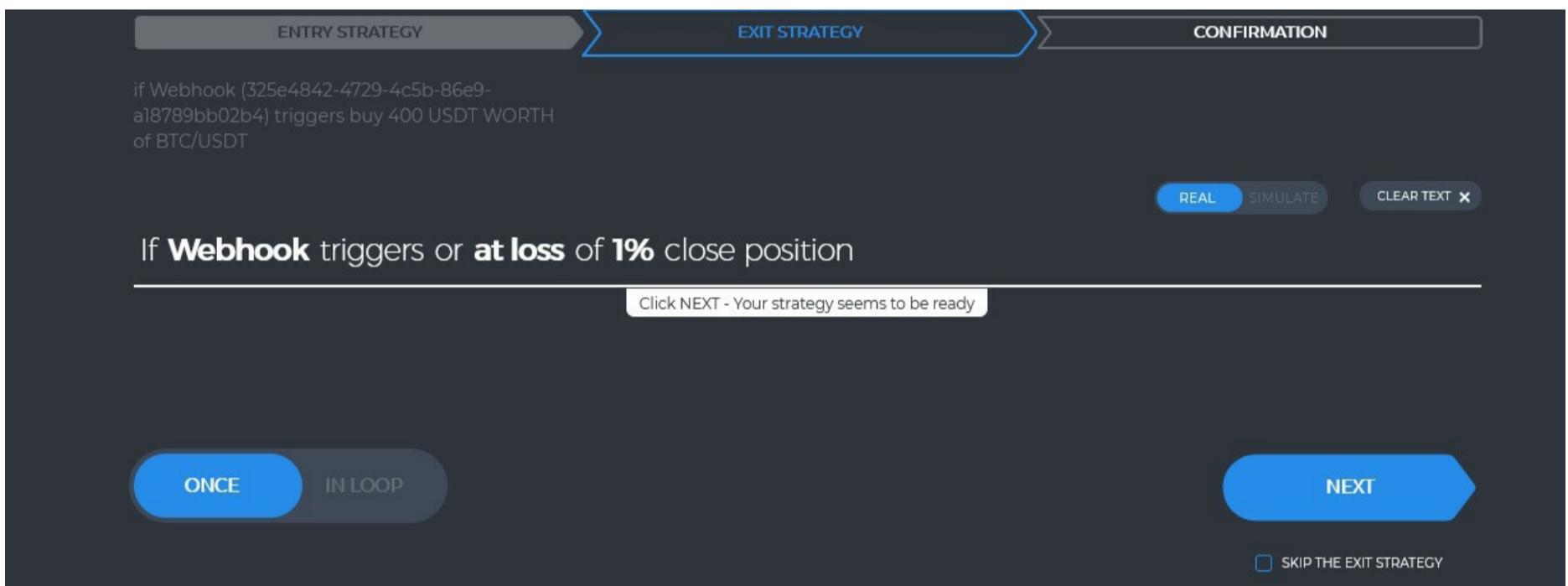
- Make sure to copy the new MSG link and URL into your TradingView alert box

Important – The MSG link for your exit conditions will be different than the one you used for the buy conditions



In my example I have “If webhook triggers close position”. This will use your exit alert from TradingView to exit your trade. You can also add in other conditions like a stop loss.

To add a stop loss into your exit conditions you can type in the “**if at loss**” command.



In this example I have, “If webhook triggers or at loss of 1% close position”. I can use that command as my stoploss and my trade will be closed if it is at a loss of 1%.